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GENERAL

1. British views on Czechoslovak coup--Foreign Minister Bevin has informed US Ambassador Douglas in London of his "great concern" over the developments in Czechoslovakia. According to Douglas, Bevin has tentatively concluded that the US and the UK are "impotent" in the matter and that unless "we could take positive steps" the mere filing of protests would only reveal US and UK weakness. Bevin, however, is re-examining the situation with a view to determining whether any joint US-UK-French action in the UN might be appropriate. Douglas adds that Bevin "appreciates the possible consequences" in western Europe, particularly Italy, if the coup in Czechoslovakia goes unchallenged.

French view on possible tripartite statement--French Foreign Minister Bidault is of the opinion that any joint declaration by the US, the UK, and France concerning the recent course of events in Czechoslovakia should condemn the coup for jeopardizing the principles of liberty and imposing a camouflaged dictatorship upon the Czechoslovak people. Bidault has expressed to US Charge Bonbright the preliminary view that a demarche to Prague would be useless and an approach to the UN impractical at this time.

2. UK proposes short CEEC meeting in early March--US Ambassador Douglas in London reports the view of the UK Foreign Office that a short meeting of the Committee for European Economic Cooperation (CEEC) should be held around 8 or 10 March. The UK believes that at such a meeting the CEEC could: (a) receive reports on recovery steps taken by the participating countries since the Paris Conference; (b) establish a working party to prepare a charter for a continuing CEEC organization; and (c) formulate the multilateral agreements among the CEEC countries. Douglas also has been informed that the French Foreign Office concurs in these views.

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3. British objections to ITO charter -- The UK Government has handed Ambassador Douglas an aide-memoire stating that the final International Trade Organizations (ITO) charter now nearing completion at the Havana Conference has several unsatisfactory features and that it is very doubtful whether the UK can accept it. The Government objects to three new compromise provisions which it feels grant further concessions to undeveloped countries while Britain is given insufficient protection for its own trade.

EUROPE

4. POLAND: Griffis' views on International Bank loan to Poland -- US Ambassador Griffis has revised his previous estimate of the advisability of an International Bank loan for the rehabilitation of the Polish coal industry. Griffis states that in 1947 Poland substantially increased its coal production without such a loan and that production continues to be slightly ahead of schedule. Griffis believes that whether or not a loan is granted, the Polish Government's great need for dollars will force Poland to export increasing quantities of coal to western Europe. Griffis concludes that a "dollar to a Satellite is a dollar to the USSR."

FAR EAST

5. CHINA: Soviet offer to mediate Chinese civil war -- US Embassy Nanking has received confirmation from Chiang Kai-shek's secretary that the Soviet Military Attache in Nanking, shortly before his departure for Moscow in January, expressed the willingness of the USSR to arrange a peaceful settlement between the Chinese Government and the Communists. The Generalissimo's secretary insisted, however, that "neither the Generalissimo nor any other important Chinese Government official desires, or believes possible, accommodation with the Communists at this time."

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(CIA Comment: CIA is convinced that the Soviet MA did give some indications of the willingness of the USSR to arrange a settlement in the Chinese civil war. Moreover, in view of the MA's recent appointment as new Soviet Ambassador to China, such indications were undoubtedly made with Kremlin approval. CIA doubts, however, that either the Chinese Communists or the National Government would now be willing to offer reasonable or acceptable terms for settlement.)

6. **FRENCH INDOCHINA:** Possible request for US mediation. -- US Embassy Bangkok has been informed by French Minister Gilbert that a representative of Ho Chi Minh's Vietnam Government recently inquired whether the French Government would object to a request to the US Embassy to act as intermediary in the French-Vietnamese problem. The French Minister also declared that the French fall military campaigns had achieved nothing, that Bao Dai was asking for more than Ho had originally requested, and that he personally does not see how the French Government can solve the problem.

THE AMERICAS

7. **BRITISH HONDURAS:** Possible invasion by Guatemala. -- The US Vice Consul in Belize reports that: (a) local authorities are preparing for a possible air invasion by Guatemala; and (b) a British cruiser has been ordered to proceed to Belize.

(CIA Comment: Although CIA considers it unlikely that the Guatemalan Government will participate directly in any overt invasion of British territory, the Guatemalans can be expected to press their claims to British Honduras through diplomatic channels with greater vigor than heretofore. Argentina will probably encourage Guatemala in exchange for the "support and aid" Guatemala has already promised in the current dispute over Antarctica.)

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